



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

TESTIMONY PRESENTED TO THE PUBLIC HEALTH COMMITTEE

March 5, 2014

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Office of Policy and Management

Testimony Supporting Senate Bill No. 35

AN ACT CONCERNING NOTICES OF ACQUISITIONS, JOINT VENTURES AND AFFILIATIONS OF GROUP MEDICAL PRACTICES

Senator Gerrantana, Representative Johnson and distinguished members of the Public Health Committee, thank you for the opportunity to offer testimony on Senate Bill No. 35, An Act Concerning Notices of Acquisitions, Joint Ventures and Affiliations of Group Medical Practices.

This bill mandates that the Office of the Attorney General (OAG) be notified of changes in business relationships of physician practices. It also requires that all hospitals and hospital systems file with the OAG and the Commissioner of Public Health a written report regarding the group practices which the hospitals or hospital systems own or are affiliated with.

Section 1(b) requires persons conducting business in this state that file merger or acquisition information with the Federal Trade Commission or the Department of Justice or other information regarding market concentration to which a hospital or health care provider in this state is a party, to also notify the OAG.

Section 1(c) requires that not fewer than 90 days prior to the effective date of a transaction that results in a material change to a group practice structure, the parties to any such transaction submit written notice to the OAG. Among others, such material changes would include: merger; acquisition; formation of partnerships, joint ventures, common entities, accountable care organizations or parent organizations. Such notice shall identify all parties to transactions and provide a summary of the material change including:

- The nature of the proposed relationship among the parties
- Names and specialties of each physician practicing medicine at the new practice
- Names and locations where services are to be provided by the new practice
- Description of the services to be provided at each of the resulting new locations
- Primary service area to be covered.

Section 1(e) mandates that not later than December 31, 2014, and annually thereafter, all hospitals and hospital systems file with the OAG and the Commissioner of Public Health a written report describing the activities of group practices owned or affiliated with hospitals or hospital systems. That report shall include:

- A description of the nature of the relationship between the hospital or hospital system and the group practice
- The names and specialties of each physician practicing medicine at the group practice
- The names and locations where services are provided by the group practice
- A description of the services provided at each location
- The primary service area served by each location

Access to this information will help ensure that competitive healthcare markets are maintained in Connecticut. It will also inform CON and other public health decisions and enable the OAG to track acquisitions, mergers, and affiliations among providers that would not otherwise be reported. The OAG will be better able to monitor market shares of health care providers in relevant geographic markets. The information will also prevent consequences that could impact health care costs and access issues in state-funded services provided on behalf of Medicaid beneficiaries and state employees and retirees.

I would like to again thank the committee for the opportunity to present this testimony. I respectfully request that the Committee support this bill and I will be happy to answer any questions you may have.